

1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE COLORADO ECONOMY

The importance of small business to the state of Colorado is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Colorado had 120,898 businesses with employees; 97.6 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 184,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners increased 4.5 percent to \$8.8 billion in 1997, while wage-and-salary income rose 8.8 percent. The state also exported \$11.3 billion of goods in 1997. (In 1992, 81.0 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 92,500 women-owned businesses in Colorado, including part-time firms, employing 177,000 people and generating \$20.9 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 58.6 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 57.3 percent from 1987 to 1992, totaling 1,106 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 80.8 percent during the same time period with 859 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 617 in 1987, to 1,024 in 1992, representing a 66.0 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms increased 10.6 percent, while new business incorporations decreased 6.4 percent. Financial difficulties leading to business bankruptcies decreased by 33.5 percent and business failures increased by 36.7 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Colorado decreased from 288 in 1994 to 216 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
FIRST NB GREELEY	Greeley
BANK SOUTHWEST NA	Pagosa Springs
BANK OF GRAND JUNCTION	Grand Junction
COMMUNITY BKS OF CO	Cripple Creek
CHEYENNE MTN BK	Colorado Springs
CITIZENS ST BK OF OURAY	Ouray
FIRST NB OF LAS ANIMAS	Las Animas
CANON NB	Canon City
RIO GRANDE CTY BK	Del Norte
INDEPENDENT BK	Kersey
FIRST CMNTY IND BK	Denver
COLORADO CMNTY FIRST NB	Fort Morgan
NORWEST BK COLORADO NA	Denver

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created 83.7 percent of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	177,448	60,492	40,498	81,385	70,309	430,132
Manufacturing	5,071	4,432	1,873	(1,975)	(3,163)	6,238
Retail Trade	33,913	10,986	10,610	5,832	(2,779)	58,564
Services	82,076	24,398	14,882	53,541	48,740	223,636
Other	56,388	20,677	13,133	23,987	27,511	141,695

Industries - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in Colorado, followed by Health Services. The fastest growing industry for small business is Transportation By Air (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	1,557,252	100.0	55.4
Health Services	8000	144,210	9.3	43.9
Eating & Drinking Places	5800	138,321	8.9	71.2
Business Services	7300	122,912	7.9	48.7
Special Trade Contractors	1700	66,738	4.3	94.4
Wholesale Trade - Durable Goods	5000	65,274	4.2	64.9

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	863,222	100.0	55.4
Eating & Drinking Places	5800	98,426	8.9	71.2
Health Services	8000	63,349	9.3	43.9
Special Trade Contractors	1700	63,019	4.3	94.4
Business Services	7300	59,805	7.9	48.7
Wholesale Trade - Durable Goods	5000	42,360	4.2	64.9

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	863,222	44,833	5.2
Transportation By Air	4500	2,208	641	29.0
Transportation Equipment	3700	2,152	621	28.9
Communications	4800	6,924	1,586	22.9
Holding & Other Investment Offices	6700	2,873	620	21.6
Insurance Carriers	6300	1,871	271	14.5

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.